

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6315

April 18, 2018

Mr. Mark Zuckerberg
Chairman and Chief Executive Officer
Facebook, Inc.
1 Hacker Way
Menlo Park, CA 94025

Dear Mr. Zuckerberg:

As Ranking Member of the House Committee on Small Business, I am concerned about the impact the cybersecurity breach at Facebook will have on more than 70 million small business owners who use Facebook. According to reports, Aleksandr Kogan began collecting data in 2013 on the Facebook data of users participating in an app he developed.¹ More importantly, those users' friends' personal data was also obtained by Kogan without their consent or notification.

According to your own estimates, 87 million of its users' Facebook profiles were swept up by in this data collection. Kogan, through his firm Global Science Research (GSR) subsequently sold that data for nearly \$1 million to Cambridge Analytica, a political consulting firm who then used that data to micro-target political ads to U.S. voters in the 2016 election.²

The availability of social media for small business owners is inextricably tied to the well-being of the company and their customer base. As you well know as a business owner, trust is a quintessential factor in running a business and marketing online through social media.

A social media presence to connect and market to customers is one of the biggest steps a small company can take. Facebook has touted itself as a home for small businesses all over the world, helping them discover and connect to potential customers. In fact, the Facebook business page highlights ways it grows small firms and showcases small business success stories in communities all over the country.

¹ Revealed: 50 Million Facebook Profiles Harvested for Cambridge Analytica in Major Data Breach, The Guardian (Mar. 17, 2018).

² Dennis D. Hirsch, The Law and Policy of Online Privacy: Regulation, Self-Regulation, or Co-Regulation?, 34 Seattle U. L. Rev. 439 (2011).

For many small business owners and entrepreneurs, Facebook is the largest sales and marketing platforms available to their business. Not only will the data breach lead to a mistrust by the public, it could result in guilt by association for those small companies utilizing the platform. This situation may also put small firms afraid to engage through social media at a disadvantage to those who are willing to take the risk or even more technologically savvy to understand how to use other social media platforms to round out their strategies. And for those reasons, it is important for us to understand just how small businesses were and will be impacted by the data breach.

I have reviewed your testimony, the steps that Facebook has taken to date, and those that you have promised to take, but the scope of this data breach requires more assistance for small business owners. Most do not have the staff or financial resources to become experts in cyber security and identify how they or their customers have been impacted, and breach notification laws generally do not cover such a situation, leaving many owners perplexed as to what their responsibilities are as a business and user of Facebook.

As the Ranking Members of the House Committees on Small Business, please provide me with the following information:

1. How many small businesses were impacted by the breach and to what extent?
2. What steps Facebook is taking to educate small business owners about the breach?
3. How will Facebook ensure that assistance is provided to small business owners? If so, what steps are being taken to notify them they were included in the data collection?
4. Is Facebook aware of how Cambridge Analytica used small businesses' or their customer data? If so, is that information being shared with small businesses?
5. How is Facebook working with small business advertisers to establish a safe way to promote their business and connect with customers?
6. The announcement of the removal of Partner Categories wherein business owners may target specific audiences is a substantial change. Is Facebook informing business owners of its elimination and offering new ways to focus its marketing?
7. The FTC recently launched an investigation and there is a call for increased restrictions on ads. Because any additional restrictions will inevitably effect small businesses, how does Facebook plan to educate and streamline the approval process for ads once any new restrictions are in place?
8. One of the most useful tools on Facebook for small businesses is the Custom Audience tool allowing ads to be targeted to customers on a company's contact list. However, changes have been made, such as mandatory consent. While necessary to ensure privacy, it can also limit the exposure of a small business ad to likely customers. What steps is

Facebook taking to educate customers of the consent and assisting small firms who utilize the Custom Audience tool?

9. Does Facebook plan to institute any additional changes to small business marketing tools and if so, how will they affect small business users of Facebook?
10. Has Facebook conducted a thorough analysis of its systems and policies to ensure this does not occur again in the future?

I look forward to your prompt response.

Sincerely,

A handwritten signature in blue ink, appearing to read "Nydia M. Velázquez", with a stylized flourish at the end.

Nydia M. Velázquez
Ranking Member
House Committee on Small Business